DISCUSSION DRAFT DISCUSSION DRAFT DISCUSSION DRAFT

Approaches to "Costing" the Standards

This work will provide a cost model that estimates the additional resources needed to achieve public health performance standard statewide. It will be based on information gathered in 2002 and the 2004 Baseline Study.

Assumptions

1. The stated funding needs will be *estimates*. The estimates will be based on models using known cost drivers, such as salary, benefits, rent, equipment and vehicles.

2. The estimates will focus on the system as a whole. We do not anticipate that the model can be applied in a district-specific or service-specific method. If we are able to make that level of estimate with confidence, we will do so.

3. The estimates will describe additional capacity needed – this will be on top of current capacity in the system.

   One approach we will examine is to separate categorical resources from core resources. This will be difficult because many core services are provided only because categorical programs help support basic capacity.

   For example: An urgent disease outbreak (measles) will cause all the nurses and many other staff in a small department to drop their planned activities in order to: initiate case follow up, call families, educate providers, start immunization clinics for large numbers of people, distribute vaccine, do media interviews, talk with school officials to enforce admission rules, and many other actions.

   By separating core from categorical, we hope to reveal the real cost of core resources that must be in place to assure public health protection.

4. The estimates will incorporate the best judgment of practicing professionals, applied using real-life scenarios and costs. These assumptions will be documented and appended so readers can easily track how cost figures were derived.

   Formulas may be used to estimate the gap between current and desired performance. It will be important to recognize that the current practice – and current resources – may be quite different from the assumptions that will be used to cost out how the standard could be met in the future.

5. The cost estimates will be calculated per Standard and aggregated by topic. Not every Standard must have a cost assigned, though we expect most will. Not all measures require new funding to accomplish.

6. Cost estimates will be separated state / local, and can be aggregated as system costs.

7. The cost estimates for state and local will be based on reasonable models of organization, staffing, and equipment. These will be used to derive reasonable estimates – they will not represent the only way or the right way to organize or deploy resources.

8. Ranges of costs may be established in order to show accommodations fro special circumstances. Example: rural areas have greater travel time and fewer appointments per day. Urban areas may have concentrated populations, but also much higher demands for service.

9. Recommendations about possible changes to financing the public health system will be kept separate from the cost estimate project, although many of the same individuals will be involved. This project will focus on cost models and cost estimates.

Simple Example – using made up data –

EH Standards 1: EH Education
5 Measures – one of them is nearly met, one might require little new money…but three imply programs that are much larger than current efforts. Let's say we described the staffing and equipment needed to support EH Education for communities statewide… and derived a figure of $5 million. That would be the cost to fill the gap.